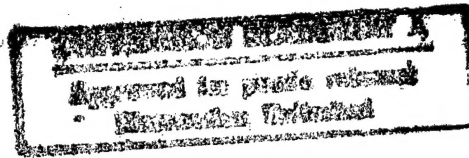


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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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22 October 1982

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

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PROGRESS IN ECONOMIC SITUATION NOTED

August Production Data

Warsaw TRYBUNA LUDU in Polish 15 Sep 82 p 4

[Text] In August of this year the country's economic situation was expressed by the following circumstances:

--For the first time in over two years sold production in socialized industry grew in comparison with the same month of the previous year. The high growth in production in the mining industry and the small decline in production in the processing industry contributed to this.

--for the fourth successive year there was a growth in labor productivity in industry, measured by the value of sold production per one employee.

--grain harvests were somewhat larger than last year; the procurement of slaughter cattle remained relatively high, while procurement of poultry continued to be very low, procurement of milk was slightly lower, and procurement of eggs was much lower.

--the growth rate of export to socialist countries was high, and there was also a large increase in export to capitalist countries.

--rail transports increased, particularly of hard coal, and transloadings in commercial seaports were higher.

--the rate of growth of expenditures was higher than the populace's monetary receipts, however the level of receipts was higher than the level of expenditures.

--market supplies were sufficient to fully cover demand resulting from ration cards issued, whereas there were market shortages of other goods.

--in comparison with other months, there was some improvement in completion of housing ready for occupancy.

## Industry

Sold production in socialized industry (in fixed prices) was 1.0 percent higher this August than in August of last year. For the first time this year the decline in production in the processing industry, in comparison with the same month last year, was relatively small--0.2 percent. Production in the mining industry increased greatly--19 percent. Production in small-scale industry was 4.7 percent higher.

The high growth rate indicators were attributed in great measure to the poor results obtained in this month in the preceding years, and also to the fact that there was one more workday in August of this year. For a comparable worktime, sold production in industry was 2.8 percent lower.

A significant increase in production over August of last year (more than 6 percent) was obtained in the following industries: coal, nonferrous metals, precision-instruments, leather, food, and printing. Production in the iron and steelmaking industry, the energy, machinery and chemical industries, and in the whiteware and clothing industries, was also higher than in August of last year. In other subsectors of industry, production was 0.1-3.0 percent lower than in August 1981, with the exception of the fuels, transport means, and textile industries, in which there was a steep drop in production.

In comparison with August of last year, hard coal mining and the production of electrolytic copper and cement, increased significantly. There was also a growth in brown coal mining, crude oil refining, the production of zinc, farm tractors, nitrogen fertilizers, and paper. Natural gas extraction was much below the level of August of last year, and, in connection with the elimination of the works in Skawina, so was the production of aluminum.

In the January-August period of this year, sold production in socialized industry was lower by 6.2 percent, whereas in the January-July period of this year, it was lower by 7.2 percent.

Hard coal mining during January-August, this year, amounted to 126.6 million tons, i.e., 17.5 percent more than in the same period last year. During this period, 16.9 million tons of coal were exported (42.3 percent more), of which 8.9 million tons (40.5 percent more) went to countries in the second payments area [capitalist countries].

Coal stocks in industry at the end of August of this year doubled in comparison with the state of a year earlier. The very high amount of coal reserves in the power plants ensures a 30-day supply for consumption.

Labor productivity measured by sold production (in fixed prices) per 1 employee was 7.1 percent higher in August of this year over that of August of last year (3.1 percent in comparable worktime).

The growth in labor productivity occurred in all subsectors of industry, with the exception of liquid fuels and transport means. In the January-August period of this year, labor productivity in industry started to rise in May. Sold production per 1 employee was still 0.6 percent lower than in the same period last year.

## Agriculture

The situation in agriculture was decisively affected by the almost entire lack of rain and the continuously warm weather since June. The harvesting was basically completed at the end of August. It is estimated that this year's grain crops will be 1.5 million tons larger than last year. The increasingly dry soil made it difficult, and in some places impossible, to do the post-harvesting work and pre-sowing tilling. Cultivation of second crops was reduced and sowing of winter rape was delayed. In many regions of the country premature parching of potato stalks occurred, and potato harvesting was begun. It is estimated that as a result of the unfavorable growing conditions, potato, sugar beet and fodder crops will be lower than last year.

In August of this year there was a seasonal reduction in free-market prices of grain and potatoes. Piglet prices continue to drop and the declining tendency in breeding of gilts is intensifying, which presages a decrease in production and procurement of slaughter hogs. However, procurement of slaughter livestock in the immediate future promises to be favorable.

Slaughter livestock procurement, calculated in after-slaughter-weight meat, was 10.1 percent higher in August of this year than in August of last year. Of this, procurement of slaughter cattle was 76.5 percent higher, and slaughter poultry was 79.1 percent lower. Milk procurement was slightly lower than last year. The drop in egg procurement is becoming increasingly acute--30.7 percent in relation to August of last year.

## Socialized Enterprises

Basic production in socialized construction-assembly enterprises was 9.9 percent lower than in August of 1981. Over the January-August period of this year, basic production was 15.7 percent lower. The largest decline occurred in the general construction enterprises, which are involved mainly in housing construction.

In August of this year, 8,300 apartments, with a total usable floor space of 439,000 square meters, were completed and released for occupancy in socialized construction. In comparison with August of last year, the usable floor space of completed dwellings increased 14 percent, while in the January-August period of this year, 24,000 fewer apartments, i.e., 27.4 percent, with a usable floor space of 1.3 million square meters less (27.2 percent) were completed in comparison with the same period last year.

Freight haulage by socialized transport enterprises totaled 92.5 million tons in August of this year, 8.1 percent less than in August of last year. Railroad transports increased 2.5 percent, and automotive transports dropped by 16.3 percent. Transloadings in commercial seaports amounted to 3.5 million tons in August, this year, a 20.7 percent increase over August of last year.

In August of this year, 26.9 percent more hard coal was removed from mines in the Katowice voivodship than in August of last year, and 4.1 percent more than in July of this year. Coal stocks in the storage yards of mines in this voivodship dropped from 1,562.1 thousand tons on 31 July 1982 to 1,478.2 thousand tons on 31 August 1982.

Coal stocks in storage yards in the Walbrzych voivodship dropped from 16,200 tons to 12,000 tons during this period.

In the January-July 1982 period, socialized enterprises (excluding agricultural) showed positive financial results amounting to 813.4 billion zlotys, while some of the enterprises showed a loss amounting to 99.6 billion zlotys (this pertains mainly to railroad transport). Many enterprises are still being subsidized, which occurs primarily because official and regulated prices were fixed at a lower level than costs of production. Expenditures from the state budget in supplements to the operations of enterprises amounted to 460.3 billion zlotys during a seven-month period this year, of which subsidies totaled 354.8 billion zlotys. The most highly subsidized enterprises were in the egg-poultry, meat, milk, hard coal, artificial fertilizers, and chemical fibers industries. Automotive and railroad transport receives high subsidies.

The enterprises' financial share in support of the state's budget (budget incomes) from the division of accumulation was 8.5 percent lower than the supplement payments and amounted to 421.1 billion zlotys. Most of the financial burden is the turnover tax, which amounted to 317.1 billion zlotys. The highest turnover-tax load fell on the enterprises of the alcohol and yeast, refining, and automotive industries. At the same time, the profits of the socialized enterprises were reduced by an income tax amounting to 414.9 billion zlotys. The total liabilities in support of the state budget based on turnover and income taxes exceeded supplements from the budget to socialized enterprises by 81.6 percent.

#### Foreign Trade

In August of this year, foreign-trade turnovers in export increased 19.1 percent, and in import, by 2.5 percent, in comparison with August of last year.

In turnovers with socialist countries in August 1982, export amounted to 42.1 billion zlotys, and import, 46.6 billion zlotys. In comparison with the previous August, export grew 24.4 percent, and import 14.8 percent. In the January-August 1982 period, export to socialist countries amounted to 295.2 billion zlotys, import 325.4 billion zlotys. The negative balance of commodity turnovers with socialist countries grew from 25.7 billion zlotys in a seven-month period to 30.2 billion zlotys in an eight-month period, except that in turnovers with the Soviet Union the negative balance increased from 37.3 billion zlotys to 43.3 billion zlotys.

Export to capitalist countries in August of this year amounted to 34 billion zlotys, import 29.2 billion zlotys (compared to August of last year, export grew 13 percent, import dropped 12.5 percent). In the January-August period of this year, export totaled 264 billion zlotys, import 191 billion zlotys (export declined 6.5 percent, import 34.5 percent, in comparison with the same period last year). The drop in import was related to the size of the cash foreign-exchange funds allocated for this purpose, the lack of ability to purchase on credit, and the necessity to service the country's indebtedness.

By the end of August, 1,020 enterprises were authorized to use foreign-exchange allowances from export to import goods from the second payments area [capitalist countries]. The allowances amounted to 167.6 million US dollars, and 46.3 million US dollars were used for import.

## Employment and Wages

Average employment in the basic sectors of the socialized economy--in industry, construction, transportation, communication, and trade--was lower by 417,500, i.e., by 5.2 percent, in August of this year than in August of last year. In small industry, average employment was 5.8 percent lower. However, in comparison with July of this year, average employment in August in industry was lower by 4,600, in transportation by 1,400, but higher by 2,700 in construction, 300 in communication, and 1,700 in domestic trade.

Personnel emoluments combined with workers' compensations in the basic sectors amounted to 84.8 billion zlotys in August of this year, and were 41.8 percent higher than in August of last year. Emoluments in industry were 47.1 percent higher, 27.1 percent higher in construction, 30.2 percent higher in transportation, 40 percent higher in communication, and 46.2 percent higher in trade.

Average wages with workers' compensations (excluding compensation for family members) in the basic sectors--industry, construction, transportation, communication and trade--in August of this year totaled 11,087 zlotys, which was 3,678 zlotys more than in August of last year, i.e., 49.6 percent higher. Average wages with compensations in industry rose 55.7 percent, including 72 percent in mining, 47.8 percent in the processing industry, 36.9 percent in construction, 37.7 percent in transportation, 41.1 percent in communication, and 49.9 percent in trade. The higher growth of wages in the mining industry was due to the work of the miners on free Saturdays and their higher production.

Total population's monetary receipts in August of this year amounted to approximately 285 billion zlotys, an increase of 71.6 percent in comparison with August of last year. In this, emoluments for work combined with compensations increased by 41.6 percent, payments for social services together with compensations increased by 157.7 percent, income from sales of farm products rose 91.4 percent. The population's monetary expenditures in August of this year amounted to 259 billion zlotys, an increase of 75.7 percent over August of last year, including expenditures for purchase of goods of 84.7 percent.

## The Market Situation

Retail sales of goods by units of the socialized economy in August 1982 amounted to 230.5 billion zlotys and increased, calculating in current prices, 87 percent, in comparison with August of last year.

In comparable prices retail sales in August of this year were approximately 17 percent lower than sales in August of last year. This included a 28 percent drop in sales of nonfood goods, and a drop of approximately 11 percent in food sales. However alcohol sales increased approximately 28 percent.

The situation on the food market was about the same as in previous months. Supplies of articles under state control were sufficient to cover needs arising from ration cards issued.

The structural assortment of meat and meat product supplies contained a large share of beef (including grades containing bones), and a relatively low share of pork. Supplies of cured meat were also very low.

Milk was supplied according to market needs. Restrictions on high-fat cottage cheeses were removed; deliveries were in accordance with commercial orders. Requirements for sweet cream were not fully met and in the rural areas there was also a shortage of ripening cheeses.

Availability of nonfood items on the market remained unchanged in comparison with previous months. In particular, the serious shortage of footwear, fabrics and clothing continued. There was also a market shortage in basic groups of goods in the metals branch, and glass and ceramic products. Market supplies of cleanliness and personal hygiene products improved.

In July of this year, in comparison with July of last year, the cost of living indicator for workers employed in the socialized economy rose 3.5 percent.

The highest increases, in comparison with June of this year, were in prices of tea and coffee--which rose approximately 104 percent. Also higher than in June of this year were eggs: in socialized trade about 40 percent higher, and on the free market, about 25 percent higher; and potatoes, about 56 percent higher in socialized trade and 41 percent higher on the open market. Vegetables were on an average of 10 percent lower, and fruit prices were about 25 percent lower.

#### Perspective Over Eight Months

Warsaw TRYBUNA LUDU in Polish 15 Sep 82 p 4

[Article by Andrzej Leszczynski]

[Text] Already several days ago we reported that the industrial decline which has been taking place for 25 months was halted in August. Production in August of this year was 1 percent higher than in August of last year. And although this is an almost imperceptible improvement, nevertheless it is a fact that we have finally stopped going backwards.

Today's GUS [Main Statistical Office] report confirms this officially and at the same time gives a broader picture of the country's economy. It shows that the increase in production recorded in August is due mainly to the results achieved in the mining industry.

The 17.5 percent increase in hard coal extraction this year is extremely important. In 8 months, the coal miners gave the country an output amounting to 126.6 million tons. If this rate of mining were to be maintained, we would obtain roughly over 180 million tons this year. Let us be reminded: last year's so-called variant of hope was based on such a quantity of coal. Unfortunately, the hopes were not fulfilled, for we mined scarcely 163 million tons of coal at that time. Now, after 8 months, these hopes appear to be more realistic.

We are slowly overcoming the regression in the processing branches of industry. But the fact that in this sphere of production, in which the shortages of raw materials are felt most acutely, we have nevertheless been able to attain in August an amount of production almost that of August of last year, speaks for itself.

This would mean that the Polish economy, with difficulty, because it is with difficulty that it is beginning to break the barrier of shortages in raw materials and other materials, is increasingly more effectively using its own domestic resources. This would also mean that the mechanisms of reform which are gradually being applied are slowly beginning to react on the process of putting the economy into order. This year, too, there were no strikes to disturb the rhythm of work. These were 8 months of quiet, productive work.

The situation in agriculture appears to be more complex. The GUS report shows that we can expect grain harvests to be 1.5 million tons larger than last year. But due to poor growing conditions, potato, sugar beet and fodder crops will be smaller. Apparently, however, although GUS does not say so, we can expect these root crops to be more valuable. Unfortunately, observation of the present situation in animal-raising leads GUS to the conclusion that next year the production of pork, so badly needed on our market, will decline.

August brought an increase in foreign-trade turnovers, and of particular importance for the country's indebtedness is that fact that exports increased 19.1 percent. If at the same time we did not have an acute shortage of raw materials, we should be glad that imports grew much less, for only 2.5 percent. But in our circumstances imports to a large degree determine the activation of production.

The GUS report, in the part pertaining to foreign trade, documents on the one hand the scale of assistance given us by the Soviet Union and other socialist countries, and on the other hand the results of the sanctions applied against us by the capitalist countries, which is revealed in the continuing decline of imports from the West.

The reader will find other interesting phenomena in the report. For example, the distinct improvement in the financial situation of the enterprises, which is positive, or the thought-provoking and disturbing drop in the production in the construction enterprises, especially those involved in housing construction.

Wages are increasing. In August, the average wage with workers' compensations amounted to 11,087 zlotys. This is high, but the simultaneously increasing cost of living is undermining the real value of wages. Although it is true that on the food market a certain weak and relative balance has appeared, nevertheless there has been no improvement in other articles. There are shortages of footwear, fabrics, and clothing.

That is how the economy looks. It continues to be dark, but some brighter spots are beginning to appear.

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## CHRONIC PROBLEMS OF TRANSPORT INDUSTRY ANALYZED

Warsaw ZYCIE GOSPODARCZE in Polish No 32, 29 Aug 82 p 8

[Article by Jacek Brdulak]

[Text] In the discussions of transport operations that are slowly reappearing in the press, the dominant questions are those linked with the activity of transport enterprises. For example, the PKP [Polish State Railroads] must give their damaged railroad cars to the mines, which are offering them larger and larger amounts of coal, and the PKS [State Motor Transport] is advocating a variant of economic antireform. Transport is still not seen from the viewpoint of its place in the national economy. Meanwhile, the many years of inconsistent transport policy in the directive system of management have brought about transportation's massive collapse.

The economic crisis merely obscured certain phenomena. Transport and transport production dropped; mass transportation declined. However, nothing is more in error or more detrimental than using this as a basis for the decision to stop working on the principles of a future transport policy. To use an analogy from medicine, this would be like finishing off a patient who has just been restored to life after a hard struggle.

Transport needs an economic reform conducted with the specific nature of this economic subsector in mind. I do not believe that reform can succeed unless decisionmakers change their approach to transport problems and abide by basic economic truths in transport policy.

Transport policy is a state activity, conducted by those organs that represent the state, and aimed at achieving assumed economic or noneconomic goals through the use of specific instruments by transport enterprises and their associates. The present tendency for most transport policy documents is to use the parameters of cost effectiveness. However, those who advocate the total elimination of directive instruments from transport policy are unrealistic and in error. In accordance with the current theory of transport economics, the directive system should be used to extend the parametric system of steering the economy. Unfortunately, this system was dominated by what is currently an extremely crucial element for the economic management of transport: financial and material reinforcement. There is also division along the

macroeconomic plane. The share of transport in the capital accumulation fund will largely determine the renovation and replacement policy and the growth policy of this subsector of the national economy. Given the specific nature of its activity, a key problem of transport policy is the need to ensure enough outlays for the capital-intensive line and station infrastructure. The fundamental assumptions of such a policy must be long-term assumptions, coordinated with a long-term program of development of the entire state economy.

#### We Must Change Our Approach

Since this fundamental truth was too often forgotten in the past, decision-makers face the uneasy task of rebuilding transport and making it an efficient element of the economic system. Optimists still believe that we must find ways of averting catastrophe in transport. I believe that we have already reached this state, and that research into possibilities was a valid task for the 1960's and the first half of the 1970's. Now we must make a radical change in our economic policy in the field of transport--in accordance with economic truths, of course.

I shall attempt to illustrate departures of economic practice from theory by means of statistical data for the 1970's.

The basic interdependence between transport production and material production may be simply defined. The growth rate of the gross product of the national economy should be greater in turn than:

- the growth rate of the number of vehicles (expressed in terms of value);
- the growth rate of transport production;
- the growth rate of transport costs.

This interdependence shows the logic of the management process. The rate growth of gross production, which includes the value of unfinished production and the value of production used for the producer's own needs, should exceed the growth rate of the volume of vehicles. The requirements of economic efficiency make it necessary to utilize transport potential better and better and to minimize costs in this subsector of the national economy. So much for theory. If we look at the statistical data, economic practice contradicts this idea.

For the years 1979-1980, the gross product increased 2.5 percent, while the number of vehicles increased 15.4 percent, thus markedly exceeding the growth rate of transport production (5.4 percent). Transport costs during this period increased 10.3 percent. These ratios were similar for the entire 1976-1980 5-year plan. The growth rate of the number of vehicles (81.0 percent) significantly exceeded the increase in gross production of the national economy (52.9 percent), and the growth rate of transport costs (72.7 percent) was more than twice as high as the increase in transport production (31.1 percent). Not only was this situation characteristic of the 1970's, but earlier periods as well. This leads to two basic conclusions--and they are no revelations.

First, the transport intensiveness of the national economy is continually on the rise. Moreover, the Polish economy is one of the most transport-intensive in the world. The most important causes of this lie in previous methods of management, in the production structure and in often hastily made decisions of where to locate (for example, 1 ton of construction materials is transferred seven times). Thus, it is indispensable that all decisions concerning the location of production plants, the amount and type of technology used, the setting up of coproduction ties and supply and sale be made with transportation outlays in mind.

Second, the economic activity of transport is ineffective and this process is getting worse. At the same time, it is not a question of eliminating the budget subsidy, but of the ratio between the costs borne by transport and the results attained. It is more and more expensive to serve such a transport-intensive economy. The steps undertaken within the framework of economic reform, coordinated with moves in the sphere of transport policy (more about this later), should bring about a noticeable improvement in this sector.

#### Only the Traditions Remain

The share of transport in generated national income should be lower than its share of the gross product. Transport employs a portion of the work force that should be well paid, given the working conditions and intensity of labor. Hence, the prewar traditions in the history of our railway system of communities of single-family railroad worker dwellings and competitions to see who could ride over pencils laid on the rails with the most precision still exist. The capital intensiveness of transport necessitates the designation of considerable investment outlays for its development. The value of fixed assets in transport is very great by comparison with other production sectors. It exceeds the per-employee national average nearly twofold.

Stated briefly, this is the current situation in transport:

--although it may seem paradoxical, transport is too cheap; its costs are minimal both by comparison with the production cost and the national economic picture;

--by comparison with other economic sectors, wages are not attractive to most employees;

--the share of transport investment outlays is declining, and the level of this share is much lower than such outlays in most socialist states;

--the effect of investment policy is a decline in the share of fixed assets for transport production in the fixed assets of the national economy; this in itself would not be so disturbing if our transport were not chronically underinvested.

What is especially alarming in the present situation is the delay of many years in replacing wornout rails and crossties and in repairing road surfaces; canals

along waterways and port embankments are crumbling due to age. Meanwhile, the alarming tendencies in the economy are increasing. At the same time, let me emphasize that I consciously avoid making a statement on the subject of unreserved amounts of outlays and funds designated for the development or the existence of transport. The general economic situation of the country justifies this. I am interested in the place of transport in the national economy.

Exactly how transport has been treated thus far by the central authorities is presented in tables 1 and 2. They cover the decade of the 1970's divided clearly into two subperiods. The first half of the 1970's is the period of the so-called "overheating of the economic situation," and the following years indicate the approach of a severe economic crisis. One must bear this in mind when analyzing the statistical data. For the 1970-1975 period, one observes a significantly more rapid increase in the gross and net production of transport compared with the entire sphere of material production. On the other hand, the growth rate of fixed assets in transport was 32.9 percent lower. In spite of progressive depreciation, the fixed assets of transport were used more and more intensively during this period. The following years showed an apparent improvement in this regard due to the fact that transport is normally the first sector of the national economy to react to a crisis. The growth rate of fixed assets in transport remained lower than the growth rate of these assets on a national scale.

#### Unfavorable Ratios

The atypical years of the end of the 1970's did not upset the unfavorable ratios that existed between the growth of transport production and committed fixed assets. From 1970 to 1980 on the national economic level, the increase in gross and net production was lower than in transport, while the increase in fixed assets was markedly higher. Similar ratios existed in particular sub-sectors of transport, although perhaps less clearly in automobile transport than in rail and inland waterway transport.

The share of transport in the capital accumulation fund has become a basic problem of transport policy. It is a determinant of the share of transport in the rate of development of the entire economy. Accumulation of capital ensures expanded renovation and repair. It makes up investment outlays for fixed assets (along with funds for capital repairs) as well as the increase in working capital and reserves. Since in practice GUS [Central Office of Statistics] considers investment outlays to be economic outlays to create new fixed assets or to enlarge or modernize existing fixed assets, it may be assumed that capital accumulation is synonymous with investment outlays. Even though this is a gross oversimplification, it is true all the more since the latter also include outlays increasing the value of working capital (in the area of capital equipment) and outlays for so-called remaining fixed assets.

We have already discussed the share of transport in investment outlays. In my opinion, it does not guarantee extensive renovation and repair in this economic subsector. Depreciation, properly determined, should ensure the

basic renovation and repair of fixed assets worn out in the process of producing transportation services. To determine whether this is really so would necessitate conducting a careful analysis of the intersubsector input-output balance of the national economy. Here I shall make only a few observations.

According to studies done last year, the depreciation fund accumulated in transport, assuming the reassessment of fixed assets, could guarantee that 54.4 percent of investment outlays in 1980 would be covered. In rail transport this figure would reach 90 percent, in automobile transport it would reach 50 percent and in inland waterway transport it would reach 44 percent. A definite truth becomes evident here. The potential for ensuring basic renovation and repair in the above subsectors is precisely the opposite. The level of wear and tear of fixed assets, defined by the ratio (in percentages) of the value of consumption to the gross value of fixed assets increases the most rapidly and constantly in rail transport. A similar situation occurs in automobile transport, although the rate of increase of the level of wear and tear here is lower. Meanwhile, in the inland water system, in an unprecedented manner, the level of wear and tear of fixed assets decreased from 1977 to 1978. This was a period in which investment outlays increased from an average 300-400 million zlotys annually to 0.9-1.0 billion zlotys. This money was designated primarily to purchase means of transport. In 1980, there was a significant increase in outlays for construction-erection work. At present, we may expect that the situation in the inland waterway system will not differ from the stereotype in force in other transport subsectors, which are overcome by the progressive, readily apparent depreciation of fixed assets. At any rate, the depreciation fund does not ensure basic renovation and repair, let alone extensive renovation and repair in the above transport subsectors.

The above considerations allow us to formulate the most important long-term goals of transport policy. These include:

- reinforcing the place occupied by transport in the structure of the national economy due to the gradual change in prices, the reassessment of fixed assets and finding the proper proportions between the costs and effects of the production of transport services in accordance with the principles of economic reform;

- ensuring more incentives for working in transport both from the material and social viewpoints;

- increasing the share of transport in investment outlays;

- in conjunction with the above, slowing the process of the progressive depreciation of fixed assets and the overly rapid decline in the share of the fixed assets of transport production in the fixed assets of the national economy;

- counteracting the process of the declining efficiency of transport production by introducing technological progress, an increase in the quality of transport services and economic mechanisms leading to efficiency;

--coordinating transport development with a future program of the development of the entire national economy.

This list of the goals of transport policy is far from exhaustive. However, these goals alone require changes in the approach of the central authorities to the problem of transport. Uncoordinated investment operations do not enable the planned reconstruction of this economic subsector. Without policy reform in the field of transport it will become a more and more serious barrier to economic development.

Table 1. Gross Production, Net Production and the Fixed Assets of the National Economy in 1970, 1975 and 1980 (in fixed prices)

Item	1970			1975			1980		
	National economy			National economy			National economy		
	(billion zlotys)	Transport (billion zlotys)	Transport (billion zlotys)	(billion zlotys)	Transport (billion zlotys)	Transport (billion zlotys)	(billion zlotys)	Transport (billion zlotys)	Transport (billion zlotys)
Gross production	1968.9	86.7	3602.8	183.0	208.4	240.1	5509.6	279.8	152.9
Net production	749.2	37.5	1491.1	199.0	93.6	249.6	2179.2	290.9	146.1
Fixed assets	2025.0	349.8	3301.0	163.0	456.4	130.1	4984.0	246.1	151.1

Table 2. Gross Production, Net Production and Fixed Assets of Several Transport Subsectors in 1970, 1975 and 1980 (in fixed prices)

Transport subsector	1970			1975			1980		
	Gross production			Gross production			Gross production		
	(billion zlotys)	(billion zlotys)	(billion zlotys)	(billion zlotys)	(billion zlotys)	(billion zlotys)	(billion zlotys)	(billion zlotys)	(billion zlotys)
Rail transport	31.9	13.9	243.9	64.3	201.1	28.2	202.9	298.5	122.4
Auto transport	28.9	14.1	32.8	73.2	253.3	35.9	254.9	61.7	188.1
Inland waterway transport	0.7	0.014	4.0	1.1	157.0	0.04	285.7	5.9	147.5

Source: Our own computations based on GUS materials

# TRANSPORT SYSTEM VIEWED AS BRAKE ON ECONOMY

Warsaw TRYBUNA LUDU in Polish 26 Aug 82 p 3

[Article by Andrzej Kozminski: "Transportation and the Economy--Brakes on the Tracks"]

[Text] Only a few years ago, Polish State Railways [PKP] transported almost 100 million tons of goods more over the same tracks. Now, although the transportation needs of the economy are much smaller and industry's work pace has increased only a bit--the railroad has already become short of breath. The result is that transportation continues to hamper the economy.

After the railroads of the USSR, PKP transports the largest amount of freight in Europe. The enormous growth in the transport both of passengers and freight in the postwar period was not accompanied by proportional outlays on a railroad infrastructure that has depreciated to a substantial degree.

The number of damaged rail cars is now almost 60,000. At least 10,000 to 20,000 are fit for nothing but scrap.

Cars are damaged in the loading and unloading of goods by the use of mechanical equipment that is unsuitable for that purpose. Some cars are damaged when trains are being made up. There is either a lack of workers for installing brake shoes or--aside from a few--track breaks at so-called switching mounds, so that cars will not roll overly fast and smash into others already standing in the makeup of trains being formed.

Neither the PKP car shops or the Railroad Rolling Stock Repair Shops [ZNTK] can keep up with car repairs. The number of repair posts in covered facilities of railroad car and locomotive shops handle barely 30 percent of the needs. In past years, some ZNTK shops were of necessity involved in the production of new freight cars. The national railroad rolling-stock industry underestimated the needs of the PKP, its largest client for the satisfaction of whose needs it was of course created; it preferred export.

Supplies of new cars fell from more than 10,000 to 1,700 this year. At the same time, the number withdrawn from service remains at a high level (12,000) and decreases the PKP's transport potential.

The condition of railroad lines also leaves much to be desired. The rails and cross-ties on a quarter of the tracks should have been changed long ago. At least 30 percent of the turnouts should have been replaced with new ones at least 10 years ago. PKP passenger train speed on 23 percent of the network must be restricted to 60 mph, and freight trains to 50 kmph on close to one-fifth of the main routes.

To be sure, there is some new technology in PKP--almost 30 percent of the routes are electrified. But limited progress is seen in remaining areas of railroad technology--only some PKP main trunklines have automatic equipment for safe movement, self-activated braking and radio communication.

The economic crisis has restricted the import of liquid fuels. The railroad, the largest transport agent in the country--measured in transport work units--lost support [sic] in motor vehicle transportation, which replaced the railroad, primarily on short routes, and thus made transportation possible over substantial distances by entire trains not divided along the way. Such a system operates splendidly to increase the railroad's transport potential, cars can be rotated 2 days sooner and many more goods can be transported with the same rolling stock. At present, this system has been limited to bulk freight, and even a substantial amount of this is already being hauled in individual cars to almost all stations in the PKP network.

The introduction of free Saturdays has resulted in the limitation of loading work to 5 days a week and the loading of coal to 6 days a week, something that has resulted in lowering the railroad's transportation capability.

This already difficult situation is made more difficult by the lack of workers, particularly in the traffic service, for making up trains and for conductor crews, as well as in railroad car and locomotive shops and rolling-stock repair shops. The PKP also did not have full staffs in past years, but the number of railroad crews has decreased even more following the earlier retirements of many experienced and not very old railway employees. The PKP is currently short about 30,000 workers.

The needs of an economy limited by the crisis were still being satisfied by PKP until the middle of May. Then, in July, the amount of freight not transported grew gradually to almost 4 million tons. A shortage of cars for the loading of coal also began to take place.

The neglect of many years standing will not permit rapid correction. Not only are billions of zlotys and millions of tons of material needed but, most important, time is needed for the repair of tracks and rolling stock, the modernization of railroad equipment and the reconstruction and expansion of technical facilities. How is one to reconcile this with the urgent needs of a slowly reviving economy that demands that the PKP now furnish ever more cars and transport ever more freight?

I believe that activities on three fronts are essential. First, transportation reconstruction must not continue to be delayed. This need has been understood

for a long time. I was shown eight decisions in the Ministry of Transportation that relate to the modernization and development of transportation undertaken since 1976, together with a then publicized program for the development of transportation in the years 1976 to 1980. Unfortunately, not one of them was ever fully realized.

Recently, the Economic Committee of the Council of Ministers took decisions concerning an improvement in coal shipments in the second half of this year. These decisions--affecting all economic-type ministries--also cover subsequent years. A comprehensive transport modernization program for the years 1983-1985 is being prepared.

What is most important is that decisions be taken now, without delay, and that they be executed systematically and scrupulously. Financial resources, as well as material, equipment and rolling stock, are also essential for that. Not one enterprise executing transportation orders can be excused if it fails to fulfill its orders.

Second, effective activities in the technical improvement of the freightage area are necessary. Is it permissible to agree, for example, to the hauling of sand and gravel to Warsaw from the Opolszczyzna area when there are sand pits and gravel pits that are closer? Can bulk scrap continue to be transported--taking many cars--from the center of the country to the Slask area in order for it to return, for example, to Huta Warszawa after it has been flattened?

To be sure, investments are essential in order to change these costly practices: equipment for loading sand and gravel, presses for scrap, washers for coal. How are enterprises concerned with that to be induced to undertake such investments and to conduct efficient haulage?

It is essential to introduce mechanisms into the economic reform that compel management effectiveness--economy in prime costs, including the costs of transportation. Their effects will be beneficial not only for transportation but also for the entire economy.

The problem would be regulated automatically by a market equalized by goods, but it will be necessary to wait a long time for such a market. It will not occur without setting up a related goal for producers--inducing them to lower their own costs, and thus the costs of transporting goods, by the application of a price ceiling or at least regulated prices.

An additional incentive for making transportation more efficient should be observance of the principle in transportation adopted in the economic reform: whoever is responsible for economic decisions must bear their consequences. Thus, he who makes transportation decisions--as a result of which goods are transported, for example, throughout the entire country--should bear the transportation costs.

Finally, the third activity front--and most effective for the immediate future: rapid utilization of existing reserves.

One of them is deficient employment, which makes utilization of the entire potential now available to the PKP impossible.

The Council of Ministers' Economic Committee has already taken up decisions relating to the improvement of pay conditions.

Second, it is necessary to utilize the railroad's transportation potential uniformly. If on ordinary days the PKP accepts 500,000 to 600,000 tons of goods per day and on Saturdays loading is confined to coal, then Sundays are virtually unutilized. Over the course of a year, that reserve reaches 30-35 million tons. To utilize it, enterprise warehouse men and shipping services should also work--on a rotating basis--on free Saturdays and Sundays.

10433

CSO: 2600/915

APPLICABILITY OF JAPANESE INFORMATION SYSTEM INTECO OUTLINED

Warsaw HANDEL ZAGRANICZNY in Polish No 4, 1982 pp 16-17

[Article by Jadwiga Paszynska: "Japanese System of Providing Essential Foreign Exchange Information"]

[Text] Information constitutes a fundamental element in marketing and promotional activities in foreign markets, and consequently is one of the essential conditions for acquiring export markets for goods. We are not--putting it mildly--the strongest in this field. Therefore, a search for solutions that have been tried and tested in other countries appears to be highly desirable. With this in mind, we publish the following article concerning the strong principles employed by an organization operating in Japan and providing services pertaining to information dealing with international exchange in its broadest sense. We believe that this model, judging from the results in the Japanese expansion of exports, at least warrants our attention and could perhaps be adapted to our needs and contingencies.

Editorial Board

"INTECO--The International Network of Technological and Economic Cooperation" was the first organization in Japan to assume active coordination in the sphere of international information involving investments and technological thought. This organization evolved in 1972 from the Institute for International Understanding with Industry.

INTECO is not a branch of the government (its founders were representatives of Japanese economic, financial and scientific circles), but it established its functions on the principle of centralizing services. It also had access to the multitrade divisions of all branches of industry, science and trade.

The function of INTECO includes information and advice in such spheres as import and export licenses, import and export fixed-asset investments, the sale of services abroad, projects in the sphere of protection of the natural environment, foreign financial sources, agency sales, present product and technology improve-

ments, material engineering, the search for partners to manage joint enterprises and scientific-technological information exchange.

The search for partners and the negotiations conducted through the intercession of INTECO are cost-free; however, a prior agreement to pay a certain sum is required when it is instrumental in achieving a contract. INTECO likewise undertakes the initiation of contracts that are concluded directly by its clients or by another organization.

INTECO bases its activities primarily on a perfectly organized network of scientific-technological information geared to satisfy the needs of domestic and foreign industries. This organization reaches potential clients through its publications, among which INTERNATIONAL REGISTER FOR DEVELOPMENT INVESTMENT should be mentioned as one of the most functional inasmuch as it contains data on licensing, cooperation, joint trade ventures, investments, agency sales, etc. In addition, a magazine entitled THE WORLD OF TECHNOLOGY and many trade periodicals are published. Deserving of attention is a publication entitled INTECO NEWSLETTER, a monthly bulletin concerning new methods and processes developed abroad. To qualify for inclusion in this directory, one is required to forward a paragraph in English of up to 500 words presenting data on a given selected problem. In case of interest by a Japanese firm in the given problem, INTECO arranges contact with the author of the information.

The ever-increasing requirements of Japanese industry and the enormous capacity of the Japanese market provided a motive for a new system in the international network of scientific-technological information. This system has operated since 1975, and its fundamental courier is the bimonthly bulletin INTERNATIONAL BUSINESS PROJECTS distributed to more than 3,000 Japanese firms and offering a wide range of information in the area of international scientific-technological and investment achievements. INTERNATIONAL BUSINESS PROJECTS provides the exchange of information by two means, the use of data from UTILIZATION SYSTEM and selected data from DATA SHEET.

The coordination of these two systems is intended to expedite and facilitate negotiations in matters involving technological or investment cooperation, as well as international exchange on a worldwide scale.

Within the framework of the system for capitalizing on data in the UTILIZATION SYSTEM based on notes transmitted to INTECO on the subject of a specific technological achievement, investment or other field of activity of the sender, the data is selected with the aid of the other system, DATA SHEET (data selection system), and is classified according to use. The actual servicing is accomplished with the aid of a conveyor-belt system which ascertains the individual stages of work that are expected to be performed at times specified in advance, guaranteeing a minimum period of 8 weeks before starting the contractual stage of negotiations (the maximum is 14 weeks in cases where supplemental data is required).

In practice, the individual trade cells of INTECO operating on the basis of this system use the following procedure:

1. Selection of information received from the client, which had been properly filed by him in the sheet system, DATA SHEET (at this stage both systems cooperate), and classification of the information as to subject matter (1 week);
2. Research on the scope of a given venture from the standpoint of world standards (1 week);
3. Qualification of the given venture for publication in INTERNATIONAL BUSINESS PROJECTS and its confirmation by a special commission (1 week);
4. Translation and preparation of information for printing (1 week);
5. Publication work, including printing (2 weeks);
6. Contacts with Japanese firms and preparation of appropriate contractual data for client (1 week);
7. Preparation of direct negotiations on a contractual level (1 week);

The second system--the DATA SHEET system--depends on the selection of a given problem from a standpoint of subject matter and makes it possible (through the system of data usage) for the matter to be directed to the proper branch of industry and/or the proper enterprise. Suitable printed forms are employed in the selection of data, including a summary sheet, constructed on the basis of departmental characteristics, which treats the given problems subjectively when arranging references on generic sheets, selecting them from an objective standpoint. The generic sheet is divided into paragraphs, or sections (A, B, etc) and the data concerning the technological venture are indicated by numbers. Complete information regarding the technological endeavor or investment must be entered in the proper section specified by number. For example, Section A of the licensing sheet contains such data as name of country, industry, title and description of new technology (in 200 words), area of application. Next, Section B might contain stage of achievement, costs and results, publications, acquisitions, scope of production, domestic and foreign prices, comparison with production in world markets, patent standing. Subsequent sections include data on license sales, financial conditions, production catalogues, copies of patents, information concerning the need to insure production secrets, risks and guarantees.

A short outline system facilitates access to proposed technological improvements (in the form of suitable technology or equipment); serves to expedite production startup; reduces to a minimum the search for a client in a given endeavor or investment; and eliminates extensive introductory conferences and technological correspondence in selecting a given technology needed for production. As a result, it serves to reduce the cost involved in preparing and concluding a contract.

The need for finding this or similar systemic solutions assuring the efficient circulation of information from the broadly comprehensible sphere of technology and its initiation appears to be indisputable in terms of Poland, especially from the perspective of initiating economic reform. Therefore, it seems that

aside from numerous deficiencies in the innovative processes, the lack of thorough comprehensive and efficient information represents one of the essential barriers limiting possibilities in the development of exporting the endeavors of Polish technological thought in its various forms. In practice, there are known cases of transactions being renounced by potential partners, or of a given technological concession being checked, because of an excessively long round of projections and implementation and difficulty in locating processors, materials or cooperating components. The process of establishing technological and trade contacts with foreign partners is additionally complicated by the stiff manufacturing qualifications of our foreign-trade industries. Finally, the quality of preparatory work (technological descriptions and explanations or offers) is frequently unsatisfactory.

To this end, among other things, it seems that it would be worthwhile to adopt the solutions used by INTECO to introduce a standard system in the selection of data whose generic elements would include enclosures to offers transmitted to foreign partners. A fundamental issue, however, implies a modernization of the system of gathering and transmitting information on the subject of domestic technological endeavors, conditions of production, prices and other factors--above all, a system oriented toward serving foreign relations in the sphere of exporting investment goods, technological endeavors and services. Necessary structural changes in our exports constitute sufficient inducement to seek adequate solutions.

9951

CSO: 2600/865

## BOOK ON TECHNOLOGY, EAST-WEST TRADE CRITIQUED

Warsaw HANDEL ZAGRANICZNY in Polish No 4, 1982 pp 30-31

[Review by Adam Gwiazda of the book "Technology and East-West Trade," Collected Work: L. S. Johns, H. Kelly, P. Sharfman, R. Goldberg, P. Baldwin, M. Ott, R. Rorog, I. Szopo, R. Fraser, P. Kuhl, et al., Montclair, 1981, Allanheld, Osmun and Co, Publishers, Inc, 303 pages]

[Excerpts] In the middle of 1981 there appeared in the United States a publication dealing with problems in the flow of technology from the West to the East and the prospects for further development of trade between capitalist and socialist countries. This book is a unique compendium of the actual state of knowledge of East-West economic relations. It was published under auspices of the Office of Technology Assessment of the U.S. Congress, and to a great extent it reflects the American viewpoint on the shaping of a "desirable model of East-West trade exchange."

The authors of the work in question rightly note that trade between the nations is a necessary, even if inadequate, condition for the development of peaceful relations. On the other hand, trade exchange with a potential adversary contributes to a certain extent to the strengthening of its economy, its military complex, etc. This dilemma was the recurrent subject of numerous discussions and has been the source of many controversies concerning the conduct by the United States and some Western countries of their trade policy with socialist countries. Generally speaking, the Western countries in their trade policy toward the East endeavor to maintain a specific balance between their political interests and other interests, or simply the economic benefits. The maintenance of this equilibrium was especially difficult in the case of the transfer of technology from the West to the East. The more so as during the era of detente there existed favorable conditions for the socialist countries (rather cheap and readily accessible foreign credits to increase the import of modern Western technologies and of a number of the investment goods highly saturated with modern technology. These, as a rule, credit purchases of Western technologies were, however, often unsuitable for the given production conditions and needs and brought about a considerable indebtedness (for example, of Poland).

The authors do not provide a clear-cut answer (supported by the appropriate statistical data) to the question of whether the economies of the United States and other Western countries or of the CEMA countries derived the greatest pro-

fits from the transfer of technology to the East. As a matter of fact, for example, in the mid-1970's the transfer of American technology to the USSR was rather insignificant and it would be difficult here to look for any great influence of Western technology on the economic development of that country (although it is known that the import of certain equipment and purchases of licenses contributed to the acceleration in the development of certain branches of Soviet industry). In like manner, it is difficult unambiguously and precisely to determine the degree of "military risk" resulting from the import by the USSR and other CEMA countries of a particular "civilian" (although in many cases not completely civilian) technology. For there exist no such precise criteria that would permit the appraisal of the contribution of individual civilian technologies to a development of modern weapons, their delivery systems, etc. It is also difficult to make more or less accurate evaluations as to what extent the import of a certain amount of artificial fertilizer from the West contributed in a given year in the USSR to a "freeing" of a certain amount of the resources of that country and their allocation to military purposes.

The difficulties had also influenced to a certain extent trade policy of the West toward socialist countries, which was rather ambivalent throughout the postwar period. Probably only the United States carried out a more consistent and rigid trade policy with respect to the individual CEMA countries. It should be noted that Poland and Romania had enjoyed most-favored nation status and therefore had a different status from the other socialist countries.

However, even the nonobservance by individual Western countries in the Common Market of provisions prohibiting the sale of this or that license did not contribute to either a more marked acceleration of the industrial development or, for example, to a decrease in the "computer gap" between the USSR and the United States. The authors of the book exemplify this by quoting (p 237) interesting data concerning the development of the computer industry in these two countries, from which it follows that at the end of the 1970's the aforesaid "computer gap"--in relation to computers of the third generation--amounted to years, to the USSR's disadvantage. It is worth noting that the first American computer was constructed and its serial production started in 1946, and in the USSR in 1952, so that then the gap was 6 years, whereas in computers of the second generation (the first such computer appeared in the United States in 1957 and in the USSR in 1961), the gap was only 4 years.

As a matter of fact, during the entire postwar period the USSR satisfied in principle on its own (also with the industrial help of individual CEME countries) its needs for technology and production equipment (as well as for extraction and transport) of oil and other raw materials. Only a gradual depletion of rather easily accessible oil deposits and other raw materials have created a need to undertake the exploitation of not easily accessible (Siberian and submarine) resources of oil and natural gas with help of predominantly imported Western technology and drilling equipment. In the 1970's, the increased import of Western technology contributed to a certain extent to acceleration in the development of such sectors of the USSR economy as chemicals, machine tools, automobiles and petroleum. However, as the authors of the book emphasize, "all such generalizations are misleading." Often the USSR imported some definite technology or equipment from the West because otherwise it would be

obliged to allot for this purpose a great deal of resources and time, which in turn would lead to "bottlenecks" in other sectors of the national economy (pp 241-242).

It is even more difficult to evaluate the effect of the import of Western technology on the industrial development of the Chinese People's Republic, among other things because that country has rather recently reopened its economy "to the world" and intensified its trade exchange with the West and Japan. The authors limit themselves to only a few examples of favorable economic cooperation between the PRC and the West.

The authors focus their attention on a few select problems, connected chiefly with economic relations, involving trade between the United States and the Soviet Union and, in the last chapter, U.S.-PRC trade. Only to a minor extent do they analyze the most recent tendencies that have appeared in East-West trade, and not in U.S.-Soviet trade alone.

In the book under review, little is also found regarding the prospects and possibilities for a further development of East-West trade, so that the title of the book does not fully correspond to its contents. Despite these shortcomings, this book (being once again typically American in its approach to the overall problem of East-West economic relations) is in sum an interesting contribution with much varied information and interpretation of the "ups and downs" of trade exchange between the highly developed capitalist countries and the socialist countries.

1015

CSO: 2600/869

INTERNAL GEOGRAPHICAL CHANGES IMPLEMENTED

Warsaw DZIENNIK USTAW in Polish No 23, 10 Aug 82 pp 437-39

[Ordinance: "Ordinance of the Chairman of the Council of Ministers, Dated 26 July 1982, on the Creation of the Town of Poreba Within Katowice Voivodship" -- Item 164]

[Text] Pursuant to Article 4, Paragraph 1 of the law dated 28 May 1975 on the two-level administrative division of the state and the amendment of the law on people's councils (DZIENNIK USTAW No 16, Item 91) it is decreed as follows:

§1. Within Katowice Voivodship is created the town of Poreba, which encompasses the part of the town of Zawiercie which up until now has been called Poreba.

§2. The exact detailed description of the limits of the town will be made by the voivodship governor by means of an ordinance. The ordinance is to be published in the official gazette of the voivodship people's council.

§3. The ordinance is effective as of 1 October 1982.

Chairman of the Council of Ministers: General W. Jaruzelski

[Ordinance: "Ordinance of the Minister of Administration, Local Economy and Environmental Protection, Dated 26 July 1982, Amending the Ordinance on Altering the Limits of the Town of Szczawnica-Kroscienko in Nowy Sad Voivodship and Creating and Altering the Boundaries and Names of Certain Gminas [parishes] and Establishing the Seats of Gminas Bodies of State Administration and Authority in the Voivodships of Bielsko Podlesie, Czestochowa, Gdansk, Katowice, Lublin, Nowy Sad, Ostroleka, Rzeszow, Tarnobrzeg, Tarnow, Wloclaw, Wroclaw, and Zamorze" -- Item 165]

[Text] Pursuant to Article 4, Paragraph 2 and Article 5 of the law dated 28 May 1975 on the two-level administrative division of the state and the law on people's councils as amended (DZIENNIK USTAW No 16, Item 91), it is hereby decreed as follows:

§1. The ordinance of the Minister of Administration, Local Economy, and Environmental Protection, dated 13 October 1981 on alteration of the boundaries of the town of Szczawnica-Kroscienko in Nowy Sad Voivodship and on the creation and alteration of the boundaries and names of certain gminas [parishes] and the establishment of seats of gmina bodies of state administration and authority in the voivodships of Bielsko Podlesie, Czestohowa, Gdansk, Katowice, Lublin, Nowy Sad, Ostroleka, Rzeszow, Tarnobrzeg, Tarnow, Wloclaw, Wroclaw, and Zamorze (DZIENNIK USTAW No 26, Item 139 and No 31, Item 178), is amended so that §7 reads as follows:

"§7. The ordinance goes into effect as of 1 October 1982."

§2. The ordinance is effective as of the day of its promulgation.

Minister of Administration, Local Economy,  
and Environmental Protection: T. Hupalowski

[Ordinance of the Minister of Administration, Local Economy, and Environmental Protection, Dated 26 July 1982, Creating and Changing the Boundaries of Certain Gminas [Parishes] in the Voivodships of Ciechanow, Czestochowa, Kalisz, Krosno, Leszno, Nowy Wad, Ostroleka, Pila, Piotrkow, Skierniewice, Wloclaw, Wroclaw, and Zamorze -- Item 166]

[Text] Pursuant to Article 5 of the law dated 28 May 1985 on the two-level administrative division of the state and the amendment of the law on the people's councils (DZIENNIK USTAW No 16, Item 91), it is hereby decreed as follows:

§1. The following are created:

1) in Ciechanow Voivodship: the gmina [parish] of Joniec, with the seat of the gmina bodies of state administration and authority in Joniec; the gmina of Joniec consists of the areas of the following village administration offices:

a) Adamowo, in Nasielsk gmina,

b) Joniec, Joniec-Kolonia, Jozefowo, Krajeczyn, Krolewo, Omieciny, Osiek, Popielzyn Gorny, Popielzyn-Zawady, Sobieski, and Szumlin, in Nowe Miasto gmina,

c) Ludwikowo-Proboszczewice and Stara Wrona along with part of the area of Nowa Wrona village administration office comprising 466 hectares in the gmina of Zaluski;

2) the following gminas in Czestochowa Voivodship:

a) Panki with the seat of gmina bodies of state administration and authority in Panki; Panki gmina consists of the following village administration office territory: Aleksandrow, Cyganka, Jaciska, Janiki, Kalmuki, Kawki,

Konieczki, Panki, Praszczyki, Zwierzyniec Trzeci, and Zerdzina, in Przy-  
styn gmina,

b) Radkow, with the seat of gmina bodies of state administration and  
authority in Radkow; the gmina of Radkow consists of the area of the  
following village administration offices:

Brzescie, Chycza, Dzierzgow, Kossow, Krasow, Kwilina, Radkow, Skociszewy,  
Sulikow, and Swierkow, in Moskorzew gmina,

Balkow, Bieganow, and Ojslawice, from Secemin gmina,

3) in Kalisz Voivodship: the gmina of Czajkow with the seat of gmina  
bodies of state administration and authority in Czajkow; the gmina of  
Czajkow consists of the areas of the following village administration  
offices: Czajkow, Klon, Michalow, Mielcuchy, Muchy and Salomony, in the  
gmina of Grabow nad Proсна,

4) in Krosno Voivodship, the following gminas:

a) Brzyska, with the seat of gmina bodies of state administration and  
authority in Brzyska; the gmina of Brzyska consists of the area of the  
village administration offices of the following: Blazkowa, Brzyska, Dab-  
rowka, Klodawa, Lipnica Dolna, Ujazd, and Wroblowa in Kolaczyce gmina,

b) Osiek Jasielski, with the seat of gmina bodies of state administra-  
tion and authority in Osiek Jasielski; the gmina of Osiek Jasielski con-  
sists of the area of the following village administration offices:

Czekaj, Osiek Jasielski, Swierchowa, Zaleze, and Zawadka Osiecka, in  
Debowiec gmina,

Mrukowa, Pielgrzymka, and Samokleski, in Nowy Zmigrod gmina,

5) in Leszno Voivodship, the following gminas:

a) Pakoslaw, with the seat of gmina bodies of state administration and  
authority in Pakoslaw; the gmina of Pakoslaw consists of the areas of  
the following village administration offices: Bialy Kal, Chojno, Golejew-  
ko, Golejewo, Goreczki Wielkie, Kubeczki, Niedzwiadki, Osiek, Ostrobudki,  
Pakoslaw, Podborowo, Pomocno, Sow, Sworowo, and Zaorle, in Miejska Gor-  
ka gmina,

b) Wijewo, with the seat of gmina bodies of state administration and  
authority located in Wijewo; the gmina of Wijewo consists of the areas  
of the following village administration offices: Brenno, Miastko, Potrze-  
bowo, Radomysl, Wijewo, and Zaborowiec, in the gmina of Wloszakowice,

b) in Nowy Sad Voivodship: the gmina of Moszczenica, with the seat of  
gmina bodies of state administration and authority in Moszczenica, the  
gmina of Moszczenica consisting of the area of the following village ad-

ministration offices: Moszczenica and Staniszkowa in the gmina of Gorlice,

7) in Ostorleka Voivodship: the gmina of Czarnia, with the seat of gmina bodies of state administration and authority located in Czarnia; the gmina of Czarnia consists of the area of the following village administration offices: Bandysie, Brzozowy Kat, Cupel, Cyk, Czarnia, Dlugie, Michalowo, Rutkowo, and Surowe, in Myszyniec gmina,

8) in Pila Voivodship, the gmina of Tarnowka, with the seat of the gmina bodies of state administration and authority located in Tarnowka; the gmina of Tarnowka consists of the area of the following village administration offices:

a) Osowka, Piecewo, Plytnica, and Ptusza, in Jastrowie gmina,

b) Plecemin, Sokolna, Tarnowka, and Wegierce, in the gmina of Krajenka,

9) in Skierniewice Voivodship: the gmina of Makow with the seat of gmina bodies of state administration and authority located in Makow; the gmina of Makow consists of the area of the following village administration offices: Dabrowice, Krezce, Makow, Makow Kolonia, Sielce, Slomkow, Wola Makowska, and Swiete, in Ksierniewice gmina,

10) in Wloclawski Voivodship, the following gminas:

a) Bobrowniki with the seat of gmina bodies of state administration and authority in Bobrowniki; the gmina of Bobrowniki consists of the area of the following village administration offices: Biale Blota, Bobrownickie Pole, Bobrowniki, Bogpomoz, Brzustowa, Gnojno, Polichnowo, Rachcin, and Rybitwy, and the village of Winduga in the Stary Witoszyn village administration office, in the gmina of Fabianki;

b) Byton, with the seat of gmina offices of state administration and authority in Byton; the gmina of Byton consists of the area of the following village administration offices:

Pscinno, Wandynowo, and Witowo along with the area of the Morzyce State Farm (PGR) in the gmina of Osieciny,

Budzislaw, Byton, Dabrowka, Ludwikowo, Morzyce, Nasilowo, Nowy Dwor, Stozewo, and Swiesz, in the gmina of Piotrkow Kujawski,

Niegibalice, in the gmina of Radziejow,

Czarnocice, in the gmina of Topolka;

c) Chrostkowo, with the seat of gmina bodies of state administration and authority in Chrostkowo; the gmina of Chrostkowo consists of the area of the following village administration offices:

Chrostkowo, Gleboczek, Janiszewo, Kawno Ksawery, Lubianki, Majdany, Makowiec, Sikorz, Stalmierz and Wildno, in Kikol gmina,

Adamowo, Chojno, Nowa Wies, and Nowe Chrostkowo, in Rogowo gmina;

d) Raciazek with the seat of gmina bodies of state administration and authority in Raciazek; the gmina of Raciazek consists of the following village administrative offices' area: Dabrowka, Niestuszewo, Podole, Podzamcze, Raciazek, Siarzewo, Turzno, and Turzynek, in Nieszawa gmina,

11) in Zamorze Voivodship the following gminas:

a) Obsza with the seat of gmina bodies of state administration and authority in Obsza; the gmina of Obsza consists of the area of the following village administration offices: Babice, Dorbozy, Obsza, Olchowiec, Wola Obszanska, Zamch Drugi, and Zamch Pierwszy, in the gmina of Lukowa,

b) Tarnawatka with the seat of the gmina bodies of state administration and authority in Tarnawatka; the gmina of Tarnawatka consists of the area of the following village administration offices:

Huta Tarnawacka, Klocowka, Niemirowek, Niemirowek-Kolonia, Pauczne, Sumin, Tarnawatka, and Tarnawatka-Tartak in Krynice gmina,

Tymin from the gmina of Rachanie,

Dabrowa Tarnawacka, Pankow, Podhucie, and Wieprzow in the gmina of Tamaszow Lubelski.

§2. The following areas are annexed:

1) in Nowy Sad Voivodship: the area of the village of Haluszowa in Czorstyn gmina to the gmina of Kroscienko;

2) in Piotrkow Voivodship:

a) the area of the village administration office of Ostoja in the gmina of Druzbie to the gmina of Zelow,

b) the area of the village administration office of Skumros in Aleksandrow gmina to the gmina of Zarnow,

3) in Skierniewice Voivodship: the area of the village administration office of Retniowiec in the gmina of Lyszkowice to the gmina of Lipce,

4) in Wroclaw Voivodship: the area of the village administration offices of Grzegorzow, Komorowice, and Stachow in Lagiewniki gmina to the gmina of Kondratowice.

§3. The ordinance goes into effect as of 1 October 1982.

Minister of Administration, Local Economy,  
and Environmental Protection: T. Hupalowski

## SLOVENIA, BOSNIAN ECONOMIC COOPERATION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Aug 82 p 8

[Text] Over the last few years cooperation between these two republics has been developing rapidly, and a distinguished role has been taken here by income sharing arrangements on the basis of the Law on Permanent Resources of the Federation for the Credit Financing of the Underdeveloped Regions.

At the moment the economic chambers of these two republics are debating the way to finance another 37 or so projects, of which 11 have priority, and an agreement is soon expected for definitive adoption--which straightforwardly means that Slovenia will invest more than 1.5 billion dinars to carry them out.

The largest funds will be invested in the "UNIS" Bearing Factory, in which 16 organizations of associated labor in Slovenia will be involved; and then in wood processing at Kotor Varos by "Jelovica" of Skofja Loka; the Celinec Silk Mill by "Mura," "Jutranjka" and "Kors"; and then in cooperation between the "Soko" Factory and TAM [Maribor Motor Vehicle and Motor Plant]; between "Famos" [Sarajevo Motor Factory] and TAM; and a tobacco plantation near Orasje in which the Ljubljana Tobacco Factory is interested, and so on. Long-term cooperation will also be established by other work organizations: between IMV [Motor Vehicle and Motor Industry of Novo Mesto] and "Rudi Cajavec"; between "Iskra" and "Energoinvest"; between "Krka" and IMPO in Bugojno; between the "Kolinska" Chemical Firm and "Hemija" in Teslic, and so on.

The most significant cooperation between these two republics is taking place in the energy field. According to an agreement already concluded, Slovenia's share in financing construction of mines and thermal power plants will amount to about 1,141 million dinars this year alone.

In spite of exceptional relations and evidently good business cooperation between these republics, there still has been a disagreement over deliveries of production supplies. Bosnia-Hercegovina's supply of specialized steel produced by the Store Steel Mill is a big problem. That is, a contract was concluded whereby the steel mill would deliver 23,000 tons of steel, but by July it had barely delivered 4,000 tons. Supply of rubber products from "Sava" in Kranj is also critical.

This factory was supposed to deliver more than 20,000 sets of tires to work organizations in Bosnia-Hercegovina, but it has delivered only 2,000.

In late June construction began on a refrigerator and other refrigerating equipment factory in Bihac with full support from "Gorenje" in Velenje. It is to have an output of more than 600,000 pieces of refrigeration equipment. The investment in this factory will be 200 million dinars. Half of these products will be exported. When this factory goes into operation, the gross income of Bihac Opstina will be increased by one-fourth, and its income 20 percent.

Representatives of the economic chambers of Bosnia-Hercegovina and Slovenia have agreed that by the end of September they will compile a complete balance of all projects so that the resources from the federal budget for credit financing of the faster economic development of the underdeveloped republics and provinces is used as purposively as possible in Bosnia-Hercegovina.

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CSO: 2800/2

## DECLINE IN INTERREPUBLIC TRADE

Pristina JEDINSTVO in Serbo-Croatian 6 Sep 82 p 5

[Article by V. Vidakovic: "Market Barriers"]

[Text] The Yugoslav Assembly will soon debate an analysis of the unified Yugoslav market. That document, which has been prepared by the Federal Executive Council, says among other things that there are disruptive tendencies on the Yugoslav market. This is manifested through the setting up of republic, regional and even more local market barriers, which are impeding the free circulation of goods and the assets of society: low mobility of social capital, which in turn makes it more difficult for labor and capital to be pooled on the Yugoslav market.

According to the figures in the analysis, over the last 10 years Bosnia-Herzegovina has reduced purchases of goods and services from the other republics and provinces from 36.9 to 25.5 percent; Montenegro 22 percent; Croatia from 27.4 to 18.5 percent; Macedonia from 36.2 to 29.1 percent; Slovenia from 23.9 to ...; Serbia from 32.6 to 20.4; Kosovo from 53.7 to 44.4 percent; and Vojvodina from 30.8 to 26.3 percent [sentence garbled]. As for deliveries of goods and services from one republic or province to another, this is how things stand. Bosnia-Herzegovina is delivering 28.9 percent of its total output to the other republics and provinces, Montenegro 28.1 percent, Croatia 27.7 percent, Slovenia 36.5 percent, Serbia 30.8 percent, Kosovo 37.1 percent and Vojvodina 34.7 percent. All the percentages also show a reduction of about 10 percent from the figures for 10 years back. The only exception is Macedonia, which has increased its deliveries to the other republics by 1.9 percent.

These figures show that OUR's [organization of associated labor] are selling their goods and services mainly within their own republics and provinces, and that in a proportion of over two-thirds of their total output.

The individual republics and provinces, then, are often producing considerably more of certain goods than they need, and instead of that surplus crossing into other republics and provinces, it usually remains on "its own" territory, and we are witnesses to everyday appeals to the effect that "we must encourage the pooling of labor and capital regardless of republic and provincial boundaries."

It is obvious that the Yugoslav market is not functioning. However, the reason for this is not the absence of a specific new law which would harmonize relations in this area. This is the assessment of the Federal Executive Council, which feels that consistent and effective enforcement of all existing statutes could regulate relations on the unified Yugoslav market.

We should recall that these issues have frequently been debated in the Yugoslav Assembly. The most frequent analysis of the federal government furnishes a great deal of data, but also certain political messages. However, the question is the degree to which the assemblies of the republics and provinces and their associated labor will be able in the very near future to break down and overcome the barriers between the republics and provinces. We have to trust that the Basic Premises of the Long-Range Economic Stabilization Program and the measures that will be enacted to accompany that document will finally shatter the mistaken conceptions of our business managers in the republics and provinces and the motto that they are sufficient unto themselves.

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PROBLEMS IN MEAT PRODUCTION DISCUSSED

Belgrade BORBA in Serbo-Croatian 12 Sep 82 p 7

[Article by Hajrudin Suljicic: "Fasting Because of Disorder"]

[Excerpt] Meat production in Yugoslavia over the last 2.5 decades has increased 4.5-fold, yet cutlets are getting thinner and thinner. The shortage of livestock feed could threaten replenishment of herds with young animals. Expensive concentrates imported for hard currencies instead of our own rich pastures are a brake on more stable and cheaper meat production.

At one time butcher shops were overflowing with various types of meat and were nicely arranged, like pharmacies. This latter feature has, to be sure, persisted even today, but instead of fresh pork, beef and other meat, the clerks in butcher shops are more and more frequently offering canned goods and processed meat products.

Who has eaten the meat and what has happened practically overnight with the meat industry, which recently has been performing its role as a supplier very badly? We emphasize the word "recently" since stresses that suggest meatless days have been felt particularly on the meat market in the last 3 or 4 years.

Yugoslav meat production over the last 2.5 decades has increased 4.5-fold, but per capita consumption over that same period of time has increased from 17.8 kg in 1958 to about 58 kg. And when a further rise was expected in view of our capabilities, all of a sudden there seems to have been a break in the chain connecting the slaughterhouses and livestock production. That is, during the last medium-term plan, especially in 1979 and 1980, livestock production suddenly began to level off and even to decline. The livestock population has recorded a sizable decrease, especially for cattle, sheep and horses, and this is especially true of breeding animals. At the end of the last medium-term period the cattle population was down 7.5 percent and the sheep population 9.3 percent. The only upward trends were in the production of hogs and poultry.

As we have already said (and, of course, felt), the meat market was especially unstable during the last medium-term period. In the period from 1976 to 1980 this production increased 18 percent, and then in the 2 years that followed it dropped almost 5 percent. Over that time there was a particular slump in the production of mutton and beef, and in 1980 we imported all of 55,000 tons of beef, for which we paid \$71 million.

Last year again about 59,000 tons of beef and over 9,000 tons of pork were imported for processing.

Thus instead of achieving greater results with our exports, which objectively we are capable of when it comes to raising livestock, the meat industry has been compelled to pay hard currency to import meat.

This situation with meat has come about because of the lag of production and weight gain per head by comparison with countries with advanced livestock production, but there are also sizable differences in production between the socialized and private sectors, productivity in the latter still being far below real capabilities. Until conditions are created for more intensive production and a rise of productivity, above all in the private sector, which holds nearly 80 percent of the livestock production in its hands, no significant or long-term change can really be expected in the meat supply.

Private farmers, however, feel that the meatless days were brought on by those whose concern is the production of livestock feed, since aside from its becoming more and more expensive, it is difficult to buy.

#### Headaches Because of Corn

At this point it is hard to figure whether producers of livestock feed have greater headaches from corn, which is available (but only in the barns of the peasants, where the stocks are estimated at over 3 million tons), or finding the foreign exchange to buy imported protein nutrients.

"The situation at the moment could threaten the replenishment of herds with young animals, especially in swine raising, because of the shortage of livestock feed, and, unless these problems are solved, this would cause more long-term consequences," warns Tome Kuzmanovski, secretary of the General Association of Agricultural and Food Processing Industry of Yugoslavia.

"It is absurd that a country included among the three largest corn producers in Europe does not have enough corn to meet its own needs," says Dr Aleksandar Sreckovic of the Yugoslav slaughterhouse industry, and he quotes that datum that in 1978, when all the conditions were provided for, above all stability in the supply of livestock feed, record production of pork was recorded.

"The presence of experts in determining which imported nutrients are to be obtained from abroad is very important, since up to now this has been done mainly by commercial people, who look first of all to their own interests," Sreckovic feels.

The opinion of Dr Jovan Kostic of the Institute for Application of Science in Agriculture, is interesting.

"Corn has become a real business for many people. It is not true that there is no corn, there is corn, especially in Vojvodina. The dealers there are buying it at 10 dinars, and then they sell that same corn in Bitola, for example, for 12 or 14 dinars per kilogram. However, no one even asks the price anymore.

The shortage of livestock feed is causing great economic losses. Yet the stockmen themselves are those least able to resolve this problem by themselves. Unless there is a tieup with the crop farmers, and also with the broader social community, the present situation with livestock feed will not improve.

Total Meat Production; only young pigs and chickens are on the rise; total meat production in 000 tons

<u>Type of Meat</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Total	1,052	1,052	1,160	1,256	1,251	1,226	1,253
Beef	330	332	337	344	351	344	341
Pork	390	375	450	499	473	461	486
Mutton	56	61	58	62	63	59	58
Poultry	188	204	227	254	267	277	286
Horse	12	11	11	12	11	8	11
Viscera	76	68	77	85	85	77	71

The real problems of the stockmen have, then, been "ausculated" in forums and scientific institutions. But in the field one can get a still better sense of them. Last week we visited Krusevac and Valjevo, areas where an important production of livestock has been traditional.

#### Expensive Fattening Operation

"There is no meat, nor will there be any, until there is enough corn and other livestock feed," the stockmen say.

In the Krusevac work organization of cooperators "Zadrugar," which is among the largest raisers of young beef cattle in the country, they are seriously alarmed about the young beef cattle and pigs they are now fattening, and because of the shortage of livestock feed even the peasants are being forced to bring more hogs, pregnant heifers and calves weighing under 50 kg to the market than usual, although the slaughtering of calves is prohibited in Serbia.

The important spring drought considerably reduced the growth of hay, and its price is going as high as 16 dinars per kilogram. When one realizes that wheat is all of 3 dinars cheaper, then one easily finds the answer of how it is that cereals are being used to feed livestock.

And so long as livestock is fed wheat and is given milk to drink, there can be no question of efficient fattening and cheaper meat production.

"We are beginning to be seized by panic, since we have the livestock feed for just another 15 days," says Sinisa Bajic, director of the work organization of cooperators "Zadrugar," and he then goes on: "There are only two solutions for us--to violate the order on the official price and to buy corn from the peasant even 4 or 5 dinars more expensive per kilogram or to interrupt the fattening operation and deliver the livestock to the slaughterhouses. In any case a large-scale slaughtering of livestock, however, would have far more serious consequences, since the livestock population is not easy to replenish," Bajic says.

At "Zadrugar," which annually produces about 12,000 young beef cattle for fattening, half of which is intended for export, they have figured out how to moderate the shortage of livestock feed at least.

"We have entered into an agreement whereby every producer of livestock must provide at least 20 percent of coarse feeds in the form of silage and thus reduce the consumption of concentrates, Bajic explains. "Of the 200 large producers for the market who are members of 'Zadrugar' some 20 have already built structures for ensilage of livestock feed." The same troubles are causing pain to stockmen in the Kolubar region, where intensive production began after a new livestock feed mill was built in Valjevo 6 years ago. In the region of Valjevo, Lajkovac, Ljig, Mionica, Ocecin and Ub 53,000 cows and pregnant heifers are being raised and about 30,000 young beef cattle fattened.

"In the first half of this year we produced all of 6,000 tons less livestock feed than in the same period of last year. How expensive this production is is confirmed by the datum that importing protein-rich nutrients costs us 15 billion dinars, which is one-third of the value of the livestock mill's total output," says Radenko Krstivojevic, a member of the business board of the Valjevo Agroindustrial Combine, whose facilities include two livestock feed mills. According to him, the problem is just as great with obtaining domestic raw materials, above all corn.

The combine produces only 4,000 tons of corn, but the operation of the two livestock feed mills requires 10 times as much raw materials in addition.

"The peasant is slow to give up the old habits, and he is still holding the grain in the barn. This is probably because livestock production has always been attractive here, and the farmers are leaving the corn and wheat for their own use," Krstivojevic says, illustrating this with the datum that in the area of the six opstinas mentioned 110,000 tons of corn are produced, but only 4,000 tons purchased. The situation is similar with wheat.

#### [Box] Lordly Fare

One does not need to be especially well informed about events on the meat market to conclude that the shortage of livestock feed and in general the present method of fattening livestock represent the principal check on larger and cheaper production of livestock and thereby of meat to eat.

"We ourselves are at fault for what is happening with meat. Our livestock really have lordly fare," is a comment heard at one meeting during debate of the problem with livestock feed. The extent to which we are dependent on imports in this sector of agricultural production is best indicated by the datum that in just the first half of this year 330,000 tons of soybeans, the same amount of ground soybean oilcake, 164,000 tons of fishmeal, 40,000 tons of meat bone flour and 7,000 tons of powdered milk were supposed to be imported to produce livestock feed. The shortage of foreign exchange, however, has cut back that plan considerably, and much smaller quantities of protein nutrients were imported.

The shortage of concentrated livestock feed is not new, but it seems that it has now reached its culmination point. Here again hard currency is the "inevitable scapegoat." The operation of livestock feed mills in Serbia alone requires \$45 million to import fishmeal, soybean products and corn. It is certain, however, that this is an unnecessary squandering of hard currency, since the production of livestock has recorded significant results even without expensive imported nutrient components.

The production of coarse livestock feed and also the use of meadows and pastures have now been neglected for a long time in many of our regions. To some extent this can be explained by the shortage of manpower in rural areas, the lack of certain machines, slowness in reclamation and inadequate use of other soil and crop practices.

While in our fattening operations the ratio of concentrated livestock feed to roughage is 80:20, in many European countries well known for their livestock raising this ratio is 50:50 or even higher to the advantage of roughage. All over western Europe farmers feed their livestock mostly silage (of corn plants, grass, leaves and waste from the sugar and oil industry). In France, for example, stockmen fattening young beef cattle for delivery to slaughterhouses are using less and less corn in feeding the livestock, not to mention cereal grains, which is being done more and more in our country.

The solution for cheaper and more efficient livestock production lies above all in changing the manner in which livestock are fattened. It is certain that there will be fewer problems in the production of livestock feed when livestock is again fed on domestic pastures instead of expensive concentrates imported for hard currency.

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## YUGOSLAVIA

### BEEF EXPORTS IN FIRST HALF OF 1982 SETS RECORD

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11-13 Sep 82 p 4

[Text] In the first half of the year Yugoslavia exported about 19,000 tons of young beef cattle (\$33 million) and 24,000 tons of young beef (\$72.6 million). By comparison with the same period of last year the increase was about 9,000 tons of young beef cattle and all of nearly 14,000 tons of young beef. The total value of exports of these two articles in the first 6 months of this year reached a record amount of nearly \$106 million (last year at the same time \$45.5 million), which, even if the export rate up to now is not exceeded, means that the value of exports of young beef cattle and young beef could reach \$212 million, which is in excess of \$60 million more than the previous record value of exports.

Most important, the value of these exports resulted much less from prices (which are slightly lower than last year) and to a much greater extent from the quantities exported, which is in any case encouraging, since exports have again assumed previous proportions (though not those record proportions when the Italian market was completely open). Italy continues to be the most important customer (\$52 million), while the USSR has become Yugoslavia's second most important customer (\$18.6 million). There is good reason to collect hard currency more and more for exports to that country, since except in the countries of the socialist camp, the USSR is paying for all the meat which it imports in dollars, and there is no reason why Yugoslavia should not receive for this vital product, a product which is valuable in world trade, the hard currency which all well-known exporting countries receive.

For exports of young beef cattle and young beef to Greece (2,300 and 2,900 tons, respectively) Yugoslavia received only \$11.3 million, and the reason for the smaller imports is not variable levies (they are even lower than previously), but the so-called threshold price below which Yugoslav producers cannot sell meat to Greece.

The petroleum countries are playing an ever more important role in Yugoslav exports (the value of exports to those countries reached \$16 million in the first 6 months). Lower prices are the main condition for still greater penetration of these markets, which Yugoslav exporters should be especially mindful of.

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## MEAT PRODUCTION, EXPORTS DISCUSSED

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 23 Aug 82 p 25

[Text] Results for exports of livestock and livestock products in the first 6 months herald the possibility of even exceeding this year's ambitious target of \$438 million (the actual result last year was \$387 million). The most recent figures indicate that 54.2 percent of the annual export target will be achieved in the first half of the year and that exports of the products of livestock raising are up 61.6 percent over the same period of last year. Judging by the semiannual figures, then, all the obstacles noted in the past are not unconquerable: Greece's entry into the EEC, high variable levies and fees in the countries of the European Community, nor even the markedly high disparity between domestic and export prices.

The trouble, however, is that maintaining and augmenting production are an inevitable condition for the targeted growth of exports. The export program adopted in the Economic Chamber of Yugoslavia calls for exports of livestock and livestock products to reach a value of about \$700 million in 1985. The significance of exporting the products of livestock raising for the balance of payments is indicated by the datum that even at present they have a share of about 50 percent in total export of farm products and food. The condition that surpluses available for export be furnished would be fulfilled by achieving the planned increase of about 9 percent of the production of beef, pork and mutton in the coming year over last year.

Trends so far in livestock raising, however, do not afford a sufficiently convincing guarantee of this growth of production.

Livestock production is characterized by a slower growth than anticipated, and this is accompanied by pronounced cyclical fluctuations. The growth of overall production of livestock and meat is mainly affected by the growth of production in swine raising and poultry raising. There is a disturbing drop of the livestock population in cattle raising (7.3 percent smaller this year than in 1975), sheep raising (down 9.3 percent) and horses (down all of 45 percent). There is a particularly disturbing drop in the number of breeding animals, which does not suggest a splendid prospect in coming years.

Our meat and milk production per animals is lagging behind the countries with advanced animal husbandry. The widespread slaughtering of young animals is

contributing to this. Calves have a share of 43.3 percent in the total number of animals slaughtered, young pigs 39.1 percent, and lambs and yearling sheep 85.7 percent. In addition, meat yields on the basis of average slaughterhouse weights are considerably lower than in the advanced countries, which is a consequence of premature slaughtering, low nutrition, but also low quality of the livestock. For example, from beef cattle our slaughterhouses obtain 185 kg of meat per animal slaughtered, while in West Germany the figure is 265, in Holland 249 and in Denmark 235 kg. Milk production is very uneven and--viewed as a whole--markedly low. Our dairymen average 1,540 liters per year per cow (4,547 in the socialized sector and 1,451 liters in the private sector), while corresponding figures are 5,050 in Holland, 4,870 in Denmark and 3,282 liters in Hungary.

The supply of livestock feed is becoming an increasingly serious problem. In recent years there has been an increase in the number of head of those types of livestock which are fed expensive concentrated and partially imported feeds, and a decline in those types which can use rough livestock feed from domestic sources. The production of rough livestock feed has been neglected except for corn silage, so that today a kilogram of hay, say, costs more than 20 dinars, while in certain hilly and mountain regions, according to the most recent information, it is even reaching a price of 30 dinars. The high share of imported nutrients is opening up a number of problems with respect to furnishing foreign exchange.

The situation in animal husbandry is also characterized by the low level of production for the market. In the case of milk, say, purchases in recent years have varied from 24 to 31.5 percent of total production. Business people continue to see the situation on the meat market as "unsettled." In our country there are about 1,600 registered slaughtering points. Under the pressure of low utilization of capacity slaughterhouses have a considerable share in the fact that livestock is rarely paid on the basis of quality, though standards have been adopted and agreements concluded between livestock producers and the slaughterhouse industry. Often low-grade livestock is paid the price of quality livestock, and this certainly acts as a disincentive on efforts to produce higher quality.

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